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Message Text

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ACTION AGRE-00

INFO OCT-01 EUR-12 ISO-00 L-03 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00
/063 W
----------281331 071361 /45
R 280928Z FEB 77
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC 0916
INFO AMEMBASSY PRAGUE
AMEMBASSY BUDAPEST

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DEPT. PLEASE PASS AGRICULTURE/FAS FOR F&O

E.O. 11652: N/A
TAGS: EAGR, CZ
SUBJECT: CZECHOSLOVAK COMPLAINTS ABOUT U.S. SOYBEAN MEAL QUALITY

REF: (A) PRAGUE 2040 (76)
(B) VIENNA 9215 (76)

1. ACTION REQUESTED: PLEASE PROVIDE GUIDELINES TO BE USED WHEN QUALITY PROBLEM U.S. SOYBEAN MEAL RAISED AGAIN.

2. ON FEB. 23 IN BRNO AT THE SALIMA FOOD FAIR AGATT MET ERET OF KOOSPOL (FOREIGN TRADING COMPANY). HE IS RESPONSIBLE FOR IMPORTATION OF SOYBEAN MEAL AND RAISED AGAIN PROBLEM OF U.S. MEAL QUALITY.

3. ERET CONTINUES TO BE DISTURBED WHY U.S. SUPPLIERS CONTRACT FOR 44 PERCENT MEAL WHEN THEY CANNOT ALWAYS DELIVER IT. CZECHOSLOVAKIA'S MIXED FEED INDUSTRY STIPULATES AMONG OTHER THING THAT SOYBEAN MEAL MUST CONTAIN MINIMUM 44 PERCENT PROTEIN. WHEN MEAL ARRIVES FROM U.S. SAY
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AT 41 PERCENT WHICH IS FREQUENT, THIS CREATES SERIOUS OPERATIONAL DIFFICULTIES FOR THE CENTRALLY CONTROLLED MIXED FEED INDUSTRY.

4. ERET DID NOT KNOW SOURCE OF PROBLEM BUT SPECULATED THAT U.S. SUPPLIERS OF MEALS ARE OUT TO MAKE MORE MONEY GIVEN THE SMALL AMOUNT OF COMPENSATION THEY HAVE TO PAY FOR DELIVERING LOWER PROTEIN MEAL THAN CONTRACTED FOR. IF THIS SO, SUCH PRACTICE

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MAKES U.S. MEAL RELATIVELY MORE EXPENSIVE THAN BRAZILIAN MEAL, WHERE COMPENSATION FOR LOWER PROTEIN DELIVERIES ARE LESS FREQUENT. HE THOUGH BRAZILIAN MEAL IS MORE RELIABLE IN QUALITY.

5. ON FEB. 24 AGATT MET ERET'S ASSOCIATE, MR. KORF OF KOOSPOL, IN PRAGUE WHO ADDED ADDITIONAL POINTS TO U.S. MEAL QUALITY PROBLEM. HE SAID CZECHOSLOVAKIA HAS HAD THIS PROBLEM NOW FOR 2 YEARS. RECENTLY KOOSPOL EXPERTS DISCUSSED THIS MATTER INTERNALLY AND CAME TO THE CONCLUSION THAT PROFIT MOTIVE ON THE PART OF U.S. MEAL SUPPLIERS MAY NOT BE SOLE SOURCE OF THIS PROBLEM. THEY DISCUSSED POSSIBILITY OF BAD WEATHER AS WELL AS LOWER APPLICATION OF CERTAIN FERTILIZERS DUE TO HIGH COSTS FOR PRODUCTION OF POOR QUALITY BEANS. THEY SPECULATE U.S. BEANS IN MANY AREAS JUST CANNOT YIELD 44 PERCENT MEAL.

6. KORF MADE TWO MORE POINTS WHICH TENDED TO CONFUSE MATTER FURTHER. ONE IS THAT REAL COMPLAINTS COME FROM END USERS WHO DURING PERIOD OF RISING PRICES MUST PAY MORE FOR SAME TONNAGE AND SAME PROTEIN THAN BEFORE. THIS TENDS TO LOWER QUALITY OF MIXED FEEDS WHICH NO FARM MANAGER WANTS. SECOND PROBLEM IS THAT APPARENTLY CZECHOSLOVAKIA HAS LIMITED CHOICE IN SELECTION OF MEALS AS TO SOURCE. BRAZILIAN MEAL SUPPLIERS (READ CARGIL) USUALLY INSIST ON CONTRACTS WHAT GIVE THEM OPTION TO SUPPLY MEAL ALSO FROM U.S.

7. ACCORDING TO KORF THERE IS NO PRESENT PLAN TO SWITCH BULK OF MEAL PURCHASES TO BRAZIL AT EXPENSE OF U.S. MEALS. THIS YEAR, AS IN 1976, TWO-THIRDS OF ESTIMATED 500,000 TONS OF SOYBEAN LIMITED OFFICIAL USE

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MEALS WILL COME FROM THE U.S.

8. COMMENTS. COMPLAINTS ABOUT QUALITY U.S. MEAL IS NOT NEW AND HAS BEEN REPORTED TO WASHINGTON ON A NUMBER OF OCCASIONS INCLUDING IN REFTELS. COMPLAINTS ARE NOT RESTRICTED TO CZECHOSLOVAKIA. AS REPORTED REFTEL (B) HUNGARY RAISED SIMILAR REASONS FOR DISSATISFACTION WITH U.S. MEAL AS ERET. IN ANY CASE NATURE OF COMPLAINTS MAY VERY BUT IT IS THERE. U.S. HAS ALREADY LOST AN ESTIMATED 100,000 TONS OF MEAL IN HUNGARY BECAUSE OF THIS PROBLEM (REFTEL B). AT STAKE NOW IS THE REMAINING 500,000 TONS U.S. MEAL MARKET WHICH IS GROWING IN BOTH CZECHOSLO-VAKIA AND HUNGARY. WE MUST REASSURE THEM THAT U.S. IS NOT ONLY RELIABLE SUPPLIER OF SOYBEAN MEALS IN VOLUME BUT ALSO IN QUALITY.

9.ACTION REQUESTED: WOULD GREATLY APPRECIATE RECEIVING GUIDELINES FOR USE IN FUTURE DISCUSSIONS WITH CZECHS AND HUNGARIANS REGARDING SOURCE OF QUALITY PROBLEM AND WHETHER THIS IS EXPECTED TO BE SOLVED SOON. THIS MATTER IS SURE

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TO COME UP AGAIN. BUCHANAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, TRADE COMPLAINTS, SOYBEANS, GRAINS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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